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ABSTRACT

The Child Care Workers Alliance takes the position that child care professionals have the right to raise rates to a level at which they can make a living wage without feeling guilty. This booklet provides ideas and strategies for raising rates. Introductory materials provide background information, steps to raising rates, and a rationale for raising them. Subsequent articles discuss: (1) the difference between organizing for higher rates and price fixing; (2) family day care rates; (3) a child care decision support system; (4) a union perspective on raising wages for family day care providers and center staff; (5) sliding scales, scholarships, and fixed fee percentages; (6) effective ways of presenting rates in marketing the day care business; (7) other options for rate increases; (8) the process of talking to parents about raising rates; (9) letters and forms from Oakland, California's Full Cost of Care campaign; (10) accounts of activists' success in influencing governmental child care policy in Hennepin County, Minnesota; and (11) ways to bring about raises in government reimbursement rates and improved government child care policies through activism. (RH)

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BETWEEN A ROCK AND A HARD PLACE: RAISING RATES TO RAISE WAGES

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BETWEEN A ROCK AND A HARD PLACE
RAISING RATES TO RAISE WAGES

"A How to Book on Raising Rates"

Edited by:
Margaret Boyer, Carole Gerst &
Stephanie Eastwood
CHILD CARE WORKERS ALLIANCE

The Child Care Workers Alliance engages in a variety of research, education and support activities directed toward increasing the recognition, respect and compensation child care workers receive and making child care a life long profession for those who choose it.

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For permission to reprint articles, contact CCWA at 301 E. 38th. St. Mpls., Mn. 55409 or (612) 823-5922.

CCWA is interested in adding and refining information in this booklet. If you have ideas, please write or call us at the following address and number.

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Introduction:
Raising Rates to Raise Wages

Child care workers are caught in the struggle between social responsibility for ensuring low parental fees and their own economic struggle. Because parent fees are the bulk of a child care programs' budget, there is a direct relationship between parent fees and how much child care providers earn.

Raising rates is one way to bring in more income to raise wages, but raising rates is difficult. We experience the resistance of parents to raise rates along with our own guilt and resistance. Child care professionals experience this resistance for many reasons. It can be linked to a lack of self esteem, where we feel our work is not worth higher rates. It can come from our own issues about being caretakers, where we feel a responsibility to take care of parents at our own expense. Those of us who are located in low-income communities may feel that parents cannot afford to pay more money. And there is the fear that we will lose parents to the program near by that has cheaper rates.

The reality is that child care rates are primarily subsidized by the low wages of child care providers. By continuing to keep rates low, child care providers are not only shouldering the primary burden of subsidizing low rates, but are perpetuating a system that breeds low-quality care. It breeds low-quality care by making it a profession that skilled professionals do not want to come into. It breeds an unbearably high turnover rate; and it breeds child care professionals who are burned out, either by working conditions that make it impossible to do an adequate job, or by a need to have second and third jobs. It also contributes to society's devaluation of the child care profession with an attitude that caring for children does not require special skills or training.

The Child Care Workers Alliance thinks that child care professionals have the right to raise rates to a level where they can make a living wage without feeling guilty. We have prepared this booklet to give you ideas and strategies for raising rates.

It has been estimated that parent fees would need to be between $8,000 and $10,000 a year if child care workers were to have good working conditions, good ratios, and salaries between $20,000 and $24,000 a year. In Minnesota, this compares to actual average fees of $3,864 a year in the metro areas or $3,328 a year statewide–not even half-way adequate, even though Minnesota's rates are higher than in most states!

Demands for higher salaries have been weakened because child care people feel guilty about forcing an increase in their parent fees. Care givers listen to, care for, and support the social and psychological development of children while empowering parents to face the daily stress of child rearing. In return they receive little parental, societal, or financial support.

Child care is unique compared to other professions. Child care providers have to deal directly with parents around the issue of rates. Nurses have the insurance companies and unions to negotiate rates that influence their wages. Teachers have the school boards and their unions presenting parents with plans for raising teachers' wages– com- municating and justifying the cost to the public. But child care givers have the humbling experience of asking parents directly for higher rates so that they can make higher wages. Imagine how vulnerable the nurse and the patient would feel if the nurses negotiated with the patients for their hospital-care rates!

Efforts at raising salaries have been deemed selfish and self serving, as opposed to a struggle to receive justified compensation. Is it really selfish to desire an adequate salary, health insurance, and decent working conditions? Child care givers have the right to not feel guilty when they ask for a living wages.

One child care worker eloquently talks about it this way:

"In the face of considerable adversity--substandard wages, meager benefits, high stress, and very low professional status--I have managed to stay in the child care field as a teacher of young children for almost ten years. I have compensated for the stress and lack of prestige by reminding myself constantly that my colleagues and I contribute in significant ways to the enrichment of childrens' lives, to the well-being of families, and to the benefit of society as a whole. I've compensated for the relative lack of financial rewards only by convincing myself that I am comfortable with a lifestyle which would never be confused with the American Dream. I rent rather than own, bus rather than drive, buy used rather than new, and raise vegetables rather than children for whom I would not be able to adequately provide. For the past couple of years, my patience with such a lifestyle has diminished to the point that I have needed more than my usual incentive to stick with it."

Steps to Raising Rates:

1. Talk to Yourself About Raising Rates

Raising rates is difficult. Child care is one of the few professions where there is not a third party to discuss rate payment. Child care directors and providers must directly talk to parents about rates.

Child care providers need to come to terms with their own guilt and feelings about raising rates before they can effectively discuss it with parents. It is helpful to talk with other centers and family child care providers, and organize to increase rates together.

2. Talk to Parents About Raising Rates

Parents often feel that child care rates are so high that child care providers must be making a fortune. Parents need to know what kind of wage is supported with their present rates. Parents also need to know that quality and consistent care for their children is important. It is not good for children to change providers just because the rate is lower. Children need long-lasting relationships with their caregivers, and they need caregivers who are well-trained, who are nurturing, who are not harsh, and who are not detached or overstressed.

There are some creative possibilities for parents to pay higher rates. They include credit cards, taking out loans, tax credit pay backs, fundraisers in lieu of rate increases, and graduated pay scales. Working with parents will help you to design the solutions that meet your needs and theirs. Read this booklet for more ideas!

In essence, parents need to know about the low wages and difficult working conditions you endure, about your training and experience, and about what quality child care is and what it costs.

3. Be Educated About Raising Rates

Raising rates works best if rates in a specific area go up together. If providers understand the impact of low rates on quality for the child care profession, we can begin to impact issues of turnover, low wages, and quality. Discussing these issues in your associations and child care groups can help to upgrade the profession.

4. Organize to Raise Rates

Raising rates $5 to $50 a week is only a temporary solution. What we really need to do is to double and triple rates. This would put the cost of care out of the reach of most parents. To make this possible, there will need to be more assistance from parents' employers and from the public sector. Parents and child care providers will need to work together for a better delivery and financing system-- ideally, one that would include paid parental leave so that parents would have a true range of optons. There are a variety of organizing strategies that are available. Some are unique to Minnesota. If you are interested in working at this level call the Child Care Workers Allliance for more information. Changing rates will not happen by staying quiet. Children depend on us to make our voices heard.

Don't Forget Why You Need to Raise Rates!!

• It is not child care providers' responsibility to maintain affordability. Child care providers' low salaries are subsidizing the low rates to parents.

• Child care providers subsidize the cost of child care to parents. In Minnesota the workers "donate" their labor at a value of $471,000,000! This compares to all Minnesota government subsidies of sliding-fee-scale dollars, the food program, Headstart, Title XX subsidies, etc. of less than $130,000,000. To find out the amount at which child care workers subsidize care in your state, do the following calculation:

[($8000 *) x (Number of children in child care statewide)]
- [(Your state's average fee for child care) x (Number of children in child care statewide)] = Subsidy provided by child care workers. * $8,000 is the true cost of care for one child for one year.

• Change will happen more easily if the pressure is more fairly shared by parents, employers, and public policy makers.

• By subsidizing rates with your low wages you are perpetuating a system that provides less than adequate care for children as measured in the National Child Care Staffing Study. Child care workers must take responsibility for their assistance in creating a profession with a 41% turnover rate, low standards, and poor working conditions-- in short, a profession which few people want to make their life-long profession.

• Raising rates to increase salaries and working conditions can enhance quality by retaining staff, creating less burnout, encouraging more commitment from child care providers, and reinforcing a sense in employees that their child care work is valued. Higher rates can support an environment wherein child care providers can more easily give children good care, because better working conditions enable better care.

WHAT IS THE DIFFERENCE BETWEEN ORGANIZING FOR HIGHER RATES AND PRICE FIXING?

Price Fixing is one example of some common anticompetitive activities which fall under the "antitrust" legislation. The word "antitrust" refers to the body of laws which protect competition and free enterprise in the marketplace. Antitrust laws have been called the "Bill of Rights" and the "Magna Carta" of the American free enterprose system. Their enforcement assures businesses the ability to compete freely and provides consumers with goods and services of higher quality at lower prices.

So what is Price Fixing?

An agreement among competitors to control the price of products or services sold by them constitutes illegal price fixing. Such an agreement is illegal whether its purpose is to raise, lower, stabilize of fix prices. Businesses have no incentive to reduce prices or improve quality if they do not have to worry about prices charged by competitors.

Certain activities of some organizations are exempt from the Antitrust Law. Activities of labor organizations, agricultural cooperatives, and industries whose activities are expressly approved and actively regulated by a public agency are frequently, but not always, exempted.

Organizing Collectively for Higher Rates

Antitrust laws make it illegal for centers or family child care programs to get together formally or informally to raise rates together. It is legal for a single provider to call around to ask for rates and to independently decide to raise her rates. This is called marketing research. It is also legal to raise rates as a labor organization as a result of union organizing. It is also legal to disucuss rate issues and their effect on the child care profession.

Because the market place forces have not worked to create quality child care and a profession where child care givers can make a living wage, the Child Care Workers Alliance sees the need for child care programs to raise rates. It is important for child care centers and family child care programs to get a legislative exemption for child care from your states Antitrust Law. Antitrust laws interpret child care centers or family child care homes getting together as a group to collectively raise rates as illegal. Providers may be prosecuted. For more specific information, call CCWA at 612-823-5922 or your state's attroney general's office.

No Simple Answers: Improving Revenue to Improve Staff Compensation

by Nancy Johnson, Manager
Project Organizational Quality

Child care programs in Minnesota operate in the marketplace. A few programs have special support that allows them to be less dependent on market forces, for instance, support from the United Way or a church. But for the majority of providers, trying to improve staff wages, benefits and working conditions must be seen in the context of the various forces at work in the child care marketplace.

It will take more dollars than can be generated by organizational improvements to raise the large amounts of money necessary to bring child care staff compensation to comparable-worth levels. **However, regardless of whether or not public support of child care is increased dramatically in the near future, there are improvements that programs can make to increase the revenues available for modest increases in staff wages and benefits.** And in the area of working conditions, program improvements can have significant impact with few dollars.

What should programs that want to be better employers do?

Although many directors and owners get involved in child care out of concern for children, we need to develop the business skills to thrive in the child care marketplace. The approach of improving as a business is focused on maximizing resources and on improving administrative systems and the work environment.

Successful businesses also look at minimizing expenses, and centers should always be looking for economies of scale and more cost-effective service- delivery methods. However, most child care programs are so frugal that their biggest problems aren't due to making wasteful expenditures, but rather in being penny wise and pound foolish. Becoming a better organization takes time and effort. It requires investing now in strategies that won't pay off immediately.

There are three areas for child care programs to concentrate their efforts to maximize resources:

- maintaining full enrollment,
- increasing fee income, and
- increasing outside sources of funding.

Unfortunately--and predictably--there are no quick fixes.

By investing in, for instance, a professionally painted sign for the outside of your building, it may take a month or several months, but if the sign eventually brings in two preschoolers, the return of $7,000 in parent fees is well worth the $800 investment in the sign.

What are the administrative efforts that pay off?
Being fully enrolled is the most critical element for maximizing your resources.
Centers lose much more money from having vacancies for weeks or months than they generally raise from bake sales, etc. How do you stay fully enrolled? The same way all successful businesses maximize their income: by making your customers "Number 1". It sounds trite--but it's still true. In child care, we sometimes forget that although our services are directed towards children, our customers are parents. Unlike systems like health insurance or the public schools, which shield users from regularly seeing the costs of the service, parents pay weekly or monthly for child care out of their pockets.

What does it mean to make your customers #1?

- It means listening--really listening--to parents' problems, and knowing what the segment of the population that you are serving really wants, what they're concerned about.

- Recognize how parents find out that you exist, and make the most of those sources, e.g. driving by, word of mouth, yellow pages ads, social workers, resource and referral agencies, the sign on your van, special community events, local news articles.

- Pay attention to the impressions that parents get when they call your center, walk by, or visit.

- Pay attention to details that will build parents' confidence in your program and boost their word-of-mouth referrals, such as following through on requests, keeping them informed of what you're doing, and promptly attending to their concerns.

- Build your visibility with parents by sharing what you do in newsletters, handing out business cards, making slide shows or videos, displaying pictures, inviting them to special events.

- Be visible in your community so that you buld a reputation for being a quality center through local news articles, children wearing center T-shirts on field trips, having an inviting outdoor play space or garden, participating in and sponsoring community events.

- Making your customers #1 means never resting on your laurels when you have full enrollment.

Tightening up fee collections and/or increasing parent fees--the second area to look to for maximizing income. Increasing fees is a sensitive area--both from the standpoint of parents' ability to pay, and from the marketplace standpoint that if your service is more expensive than other care options in your area you might price yourself out of the market.

There are heavy odds stacked against being able to make significant increases in your rates in the short run. Large jumps in rates without accompanying public subsidies will force many families to choose cheaper care options and some centers would have to close because of low enrollment. A "two-tiered" system--one for the rich, one for the poor--is unacceptable for children.

Another marketing problem is that the service we provide in early childhood programs is very similar to what the majority of mothers used to provide for free (some still do). The real cost in terms of the market value for care has been "hidden" for a long time. Although as early childhood educators we know that caring for children in a group setting requires different knowledge and skills and is "educational", parenting and child care remain closely related in the public mindset.

Although many parents don't have to be sold on the value of early education for young children, there is little public understanding of what appropriate all-day education/care for young children looks like. The actual programming costs for staff, environments and administration of early education programs doesn't fit the widely held myth that you just put a bunch of children in a safe room with a couple of people (women) and, *viola!* : child care. Awareness of what children are learning, and of the responsibilities of staff in all-day education/care programs, needs to be shared with parents so that they become our allies in trying to increase revenues--through fee increases, fundraising or advocacy for public subsidies.

Pricing strategies have to be carefully thought out and researched for your specific area, your competition and for the families you serve.
Some centers offer scholarships or have a sliding fee based on parent income. The caution is that whatever discounts off the costs of care your center offers some parents, must be made up in some other way--either by charging other families more than the cost of care per child, or by securing supplemental funding from an outside source.

The point is that just because your center "always" keeps yearly parent fee increases to a minimum, it may be time to reevaluate the market forces and to reassess whether increasing parent fees in your program could provide some relief for staff budgeting, without jeopardizing overall enrollment. The Cost of Quality Care Invoice described in htis booklet is a tool to help raise parent awareness and begin to set long-term goals for staff compensation.

Contributions/Fundraising

Increasing revenues from outside sources can offset costs or provide family scholarships. Most programs plan at least one fundraising effort which involves both staff and parents. One word of caution--try to evaluate how many hours go into any fundraisers you hold and then evaluate the payoff, in terms of actual funds raised and also of increased good will or visibility in the community. Most programs find that it's a better use of parents'

and staff's most precious (and undervalued) resource, time, to limit fundraisers to two or three a year and to put more emphasis on being fully enrolled.

Other outside sources for support include County government subsidies, local businesses, churches, service groups and clubs, philanthropic organizations, human service agencies, foundations, individuals, relatives of current children, and parent alumni of your center. The Resource and Referral Agency for your County should be able to provide you with technical assistance on State grants available and on other sources of funding (City, Federal) that exist in your area. The public library has information on foundations or can help you obtain materials from libraries or organizations that have them.

Summary: If you're exhausted just reading the above, take note of this final suggestion: Making the organizational and business improvements that can maximize center income and improve working conditions means having the administrative time, support and expertise to implement these essentials. It means spending money now on organizational improvements to leverage future revenues to increase staff wages, benefits and working conditions.

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Family Child Care Rates: The How's, What's & Why's

by Carole Gerst, Child Care Workers Alliance

Family child care providers, like other small business owners, have the unique opportunity to design and implement rate structures that fit their individual needs. Perhaps the single most-often-asked question providers hear is, "What do you charge?" or, "You charge what?!" (meaning, "So much!" or "So little!"). This question comes not only from parents using your service but from other family child care providers as well.

This section of *Raising Rates to Raise Wages* is directed toward preparing family child care providers to determine rates, and then to discuss them with parents and with other providers, in terms of the true costs and quality of care these rates support.

Questions to consider when designing your rate structure:

- How many hours and days are you open each week?
- What parts of your home do you plan to use?
  (These two questions will determine your time/space formula for tax purposes.)

- What type of equipment needs do you have?
  Speciality areas could increase costs: infant/toddler equipment such as cribs and double strollers; a computer for school age; large muscle structures for preschoolers, etc. Are you planning to specialize in a specific area or are your services multi-age appropriate? A Class A family child care license includes ages infant through 11 years. Do you have appropriate and enough equipment for all children in your care?

- When setting yearly goals, it may be more beneficial to budget for one large item such as a playhouse or a computer, to be depreciated over several years.

- Do you plan to use a food program to implement or supplement your nutrition costs and policies? How do you plan to purchase your child care food? Will your shopping combine family and child care food, or will you be able to separate these food costs?

- How often do you plan to use a substitute or helper? What are the hourly wages you plan to pay? How do your parents feel about having a substitute for their children? Have you included your helpers and substitutes as part of your program?

  When setting an appropriate hourly wage for a substitute, keep in mind:

  1. The total cost of the wage is tax deductible.

  2. If you consider your weekly income (e.g. $350), less 4 hours at $10/hr for substitute care, your own income is $310 per week.

  3. By paying your substitute/helper higher-than-minimum wage, you will have less turnover, the children will have consistent care, and you will build your business more professionally.

- How much will licensing cost you to meet minimum requirements, e.g. smoke detectors, fire windows, electrical plugs for outlets, gates at stairways, etc.? Do you plan to meet only minimum requirements or do you plan to exceed requirements in specific areas?

- What is the cost of your liability insurance premium for one year?

- When planning field trips for children, do you draw from a monthly activity fee or do you charge parents for each field trip separately?

- How do you plan to market your program? Business cards, community newspaper advertising, personalized

promotional items such as pencils printed with "Julie's Child Care 777-7777", stationery, etc. can be effective ways to advertise and are tax deductible.

- Do you have a policy for involving parents in the material support of your program? To keep crafts' materials and other supply costs lower, do you ask parents for certain items, or post a wish list? Parents can feel more a part of your program when they see things they have given being used and appreciated.

- Geographic area plays a significant role when rates are being determined. It would benefit your business to contact several caregivers in your neighborhood. Membership in your local child care association would give you access to an informal network of family child care providers.

  By charging too little in her area, a caregiver is in essence pulling all providers' wages down. Lower rates lower the quality of all the child care provided in the area.

Raising Rates to Improve Quality

Telling parents about your plan to raise rates is no easy task. It will be easier if your parent booklet or contract says there will be an automatic rate increase every January, for example. One approach that has worked for several family child care providers has been to raise rates in support of a quality campaign. To do this, make a list of costs you would incur in increasing the quality of your program. This list could include the following:

- a computer
- additional toys and equipment
- tuition costs for training you feel would enhance your ability to provide quality care
- substitute caregiver wages, allowing you break time, and time to attend training sessions
- costs of teacher certification (additional training)
- additional field trips
- fees for special teachers who would provide classes in dance, Spanish, music, etc.

- decreasing number of children in the program (improving ratios)
- a new vehicle (you could spread the cost over five years)
- a two-week paid vacation

Example:

Computer	$1,000
Accreditation/training	350
Substitute care ($40/week, 20 weeks)	800
Paid vacation (2 weeks)	500
Special field trips, events and in-house activities for children	150
Total needed for quality campaign	$2,800

Total costs ($2,800) ÷ Number of children (6)
+ 52 weeks
= $9.00/week rate increase.

And remember. A very important element influencing the quality of care is the provider's sense of well-being on the job. Does the salary you receive through your business reflect your true value to the community you serve, or should your quality campaign also include a raise, or health insurance? **A caregiver must recognize her worth and be willing to charge what her service is worth!**

Child Care Decision Support System (CCDSS):
A Computer-Enhanced Program That Looks at the Relationship of Rates to Wages in Child Care Programs

by Steve Sternberg, Director
University of Michigan Children's Center

[This computer program is useful in looking at how wages are affected by different rates. It is also valuable in raising the consciousness of parents and elected officials who think that rates are too high. In Minnesota, we used Steve's program to discuss wages and rates at a statewide task force meeting, including representatives from the Departments of Human Services, Education, Jobs and Training, County Commissioners, etc. We had the program in a lap-top computer, with the computer screen laid over an overhead projector. Members of the task force could manipulate rates, ratios, etc., to see how these changes affected rates, and the whole group could watch as the graphs changed. Task force members were surprised at the results. Their hands-on experience with a realistic budget reinforced their commitment to making recommendations that would include a system for increasing wages.] - Editor's note.

During the past two years the author and two colleagues have been developing The Child Care Decision Support System (CCDSS). This systen enables users to design child care programs of their choice, compute the program's financial requirements, and determine the parent fees, teacher salaries, and staffing requirements necessary to support the desired programs.

To begin, the modeler is prompted to enter enrollment and attendance data for the center being designed, along with the desired staffing patterns for teachers, all program-wide expenses, and subsidy data. After entering this information the model is completed and an output report is generated. This report consists of three parts:

Part 1: Describes the program environment, including:

- minimum, maximum and average staff-child ratios;
- teaching distributions--how many head, assistant, and aide teachers would be employed;
- staff working conditions--hourly wages, paid break and prep time, insurance benefits, paid leave, etc.

Part 2: Displays the amount of funding necessary to support the model:

- weekly parent fees,
- subsidies

Part 3: Calculates the staffing pattern necessary to meet the model's ratio and distribution requirements.

The user can at any time alter any parameter--for example, weekly fees, teacher salaries, contact time, fringe benefits, or administrative costs--and immediately see the resultant change in staffing and program costs. For example, the consequences of increasing teacher wages from $8.00 and hour to $10.00 an hour would be displayed as an increase in the teaching costs, and an increase in weekly fees. Conversely, lowering weekly fees would show the required lower teaching costs, reflected in either a) lower teacher wages and maintenance of the ratios, or b) maintenance of teacher wages and an increase in the ratios.

A second report is produced in the form of a graph. This enables the user to answer the following "what-if?" questions:

- If I increased teacher salaries by 10%, how much would weekly fees increase?
- If the USDA subsidy changed, how would it affect weekly fees?
- If I changed staff ratios, what would be the effect on fees and on wages?

In addition to analyzing individual centers, the CCDSS can also be used to analyze the child-care environment of a county or state. When the State of Michigan changes its reimbursement rate from $8.62 per child per day to $8.80 per child per day, the CCDSS can immediately calculate the consequences on teacher salaries.

Finally, the CCESS can be used by Resource and Referral agencies to answer two types of questions:

- It can help directors in consultation with R&R staff to answer questions about their individual programs.
- The CCDSS will provide R&R agencies with mean and range data about enrollment and attendance, as well as about fees, subsidies and wages, for their geographic area.

The CCDSS is in the final stages of development. It is anticipated that the program will be ready by September, 1990. Further information about the CCDSS can be obtained by contacting:

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A Union Perspective on Raising Wages for Family Child Care Providers and Center Staff:

by Sue Dicker, Union Organizer
District 65 UAW - The Child Care Workers Union

As self-employed workers providing 70% of the available licensed child care in Minnesota, family child care providers have a right to make a decent living wage.

Rates/wages need to increase to improve the quality of care and help stabilize the workforce.

What difference can a union make for family child care providers?
As family child care providers affiliated with a child care workers' union, minimum criteria could be established for wages, rates and standards of program quality.

At this point in time, this is the only way family child care providers can legally organize as a group to raise rates. This is because unions are exempt from the anti-trust laws.

Membership would require agreeing to use the standards developed as a union for a base line for clients. No one would work below the standards set by the union. Providers would be free to adjust standards upward according to the needs of their own program.

As a group, family child care providers could determine rates that adequately reflect the true cost of care, and which ensure fair reimbursement for the services provided.

An affiliation with a union could also potentially mean

- legal assistance
- affordable group health insurance
- affordable short/long-term disability benefits
- credit availabiltiy/credit union
- lobbying at the county and state levels.

Can family child care providers be part of a union structure and "set prices"?
Determining the true cost of care and agreeing not to charge below a minimum acceptable fee for services is not the same as "price fixing." Other self-employed groups have unions that represent their interests and set a union fee scale-- e.g. musicians and other workers in the skilled trades. Working models of unionized self-employed workers exist. A union can be a viable organizational form for family child care providers. In Minnesota there are family child care providers who are working towards developing such a vehicle. The vision is to affiliate with a union that will represent all child care workers--both center-based and family child care providers.

Who decides on the rates/wages of family child care providers who belong to a union?
The collective resources of a union could provide the opportunity to analyze financial needs, determine what factors need to be considered when figuring the cost of care, and establish a minimal wage/rate for family child care providers.

Why will families pay more for my services if they can get it cheaper down the block?
Quality. Stability. Parents will begin to recognize where they can find consistent, reliable, quality child care. By raising rates/wages it will begin to stabilize the child care workforce--more people will be able to afford to stay in the field.

Unionized family child care providers will mean quality. Training standards could be adopted to ensure there is a level of professionalism among family child care providers appropriate to the family child care setting.

A base-line contract would be developed to use with all clients. Again: examine, as part of a union, what factors are necessary to include in a contract with clients in order to provide quality care on a consistent basis. This would be a minimal contract. Providers would be free to tailor the contract to meet the particular needs of their program as long as it didn't contradict any of the agreed-upon base-line language developed.

How can we raise our rates and be sure all members will do the same?

A union is an established and recognized legal form of organization that can bring family child care providers together to address their common interests and concerns. The more union members, the more impact the rates can have on the child-care "marketplace." People voluntarily join to be affiliated with the union and to be committed to the principles developed as a group.

Collective Bargaining in Center-Based Care: A Key to Change.

As we look for solutions to the problems facing child care workers, it is to our advantage to examine the situation of workers in other female-dominated occupations. We can learn from nurses and public school teachers about how economics affects the stability and quality of the workforce, and what vehicles they used to change their economic conditions.

- Increased unionization and comparable-worth legislation are the only effective tactics against what has become a relentless wage differential for women workers. ("Women Workers," Ruth Fichtenbaum, *LRA's Economic Notes*, Nov.-Dec. 1988). We cannot assume postures of "professionalism" that do not allow for collective bargaining.

- Child care remains outside the "real" marketplace. We have not integrated into the economy the true costs of moving the care of children from the home to outside the home. The expectation to pay "low rates" is deeply embedded in the value we place on women and children. It is conveniently couched in the paternalistic terms of protecting the interests of parents' pocketbooks, as though no other solutions existed.

- Collective action on the part of child care workers will eventually force rates up to pay for costs, as child care workers begin to demand reasonable and fair compensation for the work they do. Parents will no longer be able to be passive partners in reinforcing high turnover by opting for "affordable" child care.

- New solutions can begin to take shape as more and more child care workers unionize, becoming the "change agents" in forcing the system to restructure priorities and pay adequate wages.

Sliding Scales, Scholarships, and Fixed Fee Percentages

by Margaret Boyer,
Child Care Workers Alliance, Minneapolis

Following are three ideas developed by the Child Care Workers Alliance and by Kathy Modigliani from Bank Street, as a way to raise rates through sliding fee scales. When you use these methods of raising rates to raise wages, your present rate becomes the lowest rate on the sliding scale.

We use the theory that parents can be categorized into three areas:

- Parents who can pay the full cost of care.
- Parents who cannot afford child care but can get some subsidy.
- And finally, a middle group of parents who cannot afford the true cost of care and are not on a subsidy, but can pay a substantial cost of the care.

Individual child care programs can help this middle group of parents by implementing sliding fee scales, scholarships, and fixed fee percentages. (If your program serves only low-income families, these strategies will not work for you.) All of these methods are based on the same concept but each is implemented in a different way. Parents may feel comfortable with one and not another. So choose one which you feel most meets the needs of your particular program.

Sliding Fee Scales: A sliding fee scale divides family income into several steps, assigning gradually increasing fees to each step. Following is a hypothetical example (Put in your own numbers):[1]

RATE WORKSHEET FOR CHILD CARE CENTERS					
					0
EXPENSES					0
Salaries					0
FICA					0
Mn. U.C. Fund					0
Work. Comp.					0
Health					0
Sub Total			÷ by total budget = personel cost		0
					0
Utilities					0
Rent					0
Phone					0
Copying					0
Postage					0
Toys/Equip					0
Repair					0
Field Trips					0
Staff Development					0
Insurance					0
Food					0
Prof. dues/subscrip.					0
Insurence/license					0
Substitutes					0

Printing					0
Advertising					0
Contract Services					0
Cleaning Service					0
Transportation					0
Telephone					0
Supplies					0
Depreciation					0
Laundry					0
Misc.					0
Sub Total					0
					0
Reserve Fund					0
Unpaid fees		This includes fees owed but not paid by parents.			0
Vacancy rate		This includes the cost of slots that are not filled.			0
Scholarships		This includes sliding fee scale dollars not paid.			0
Sub Total					0
					0
TOTAL					0
		÷ by number of licensed Slots			0
		÷ by days of operation = _____ daily			0
					0

Yearly Family Income	*Weekly Fee*
Under $8,000	$40
8,000-11,999	45
12,000-15,999	50
16,000-19,999	55
20,000-23,999	60
24,000-27,999	65
28,000-31,999	70
32,000-35,999	75
36,999-89,999	80
40,000-49,999	90
50,000-59,999	100
60,000-69,000	110
Over 70,000	120

Another example are these guidelines, used for Minnesota's State Sliding Fee Scale. Under this system, parents who make 100% of the state median income pay 100% of the base rate. Parents who make 125% of the median income pay 125% of the base rate. Put your own state's or county's median income in the first chart. Then determine the rate for each income group-- in the second chart if you are a family child care provider, or the third chart if you are a center.

Chart 1

Annual Gross Income as a Percentage of State Median Income, Adjusted for Family Size.

Number of Children	*100%*	*110%*	*125%*
2	20,934	23,274	25,934
3	23,274	26,274	28,274
4	27,500	30,500	32,500
5	29,200	32,000	34,000

Chart 2:

Family Income	*Rates for Family Child Care*		
	Infants	Toddlers	Preschool
Reduced	63.00	60.00	60.00
100% 67.50	65.00	65.00	
110% 74.25	71.50	71.50	
125% 84.37	81.25	81.25	

Chart 3:

Family Income	*Rates for Centers*		
	Infants	Toddlers	Preschool
Reduced	90.00	70.00	65.00
100%	108.50	85.00	72.25
110%	120.00	93.50	80.00
125%	136.00	106.25	90.31

Scholarships: Another way to raise your fees is scholarships. This is basically another way of introducing a sliding fee scale.

Family Income	*Weekly Scholarship*
Under 10,000	$45 scholarship
$10,000-14,999	$40 scholarship
$15,000-19,999	$35 scholarship
$20,000-29,999	$30 scholarship
$30,000-39,999	$10 scholarship

Fixed Percentage Fees: Another way to do this is to charge a fixed percentage of parents' income. This could be somewhere between 7%-14%. If you are serving low-income families, this fee may need to be as low as 2.5%.

Kathy Modigliani from Bank Street suggests doing some income adjustments if you do this. An example would be to start with last year's after-tax income, then deduct $2,000 for each dependent, and other child care expenses. You may allow parents to submit a written statement describing unusual expenses that might be deducted. You may want to set a higher fixed or graduated rate for infants and toddlers, and another rate for part-time or before-and after-school care.
Some child care advocates think that income adjustments should only be made on a case-by-case basis, not as a general policy. Too many people already expect their child care payments to come out of "leftover money", after their other bill-payments and purchases are made.

The amounts suggested above are arbitrary. Use what ever numbers make sense for parents and for the particulars of your program. To start this, I suggest you fill out the enclosed budget. Do it twice--once with your present wages, and once with the wages you would like to get/give.

Your lowest rate should be close to your rate with a bare bones budget. Your top rate should be the rate that you come up with after you fill out the budget included in this booklet. This top rate will include budget line items for a vacancy rate, parent subsidies, and unpaid parent fees.* This top rate can be adjusted by increasing the parent subsidy amount.

* **Vacancy Rate, Parent Subsidies, and Unpaid Parent Fees** are are often-overlooked costs to every program. These costs should be a part of your budget. You can adjust your parent-subsidy line item to adjust your rate.

- Note for Non-Profits: You may want to set up a donation system for scholarships or wage increases, instead of implementing sliding fees or a fixed-percentage fee scale. If your program is a non-profit, parents' payments to the program in excess of the base rate could be accounted for as tax-deductible donations to your scholarship fund.

- If you are interested in a more complicated formula, Roger Neuenbauer from the ***Child Care Information Exchange*** has an excellent article on sliding fee scales.

Sources:

[1](1)*Equitable Graduated Fee Scales for Child Care Centers.* Kathy Modigliani. Bank Street College, New York, N.Y. 1989.
(2)*Between a Rock and a Hard Place.* Margaret Boyer. Child Care Workers Alliance, Minneapolis, MN. 1989.
(3)*Increasing Salaries by Increasing Rates.* Margaret Boyer. Child Care Workers Alliance, Minneapolis, MN. 1989.

Presenting Your Rates: Effective Marketing of Your Business

by Carole Gerst, Child Care Workers Alliance

Many directors and family child care providers are able to charge higher rates at the initial interview with parents. How? By presenting parents with evidence of the high-quality service their programs provide. Here are some examples of marketing techniques child care programs have found to be effective:

- Prepare an individual orientation folder for each parent interview. Your packet should include your program's policies, forms to be signed, parents contract, newsletter, etc. The other half of the folder could have parents handouts (I call them "warm fuzzies") such as articles about child development, parenting tips and concerns, child safety issues, etc.; and other presentations of positive things which are practiced in your center or home.

- A nice addition to the interview can be a photo album or short video for the parent, describing a typical day in the program.

- Ask some of your most enthusiastic and eloquent parents if they would agree to having their names and phone numbers on a reference list for prospective parents. At the interview, give prospective parents this list of a few parents who currently have children enrolled in your home/center, and encourage the parent to call these references.

These are some ideas to help you use your interviews to present yourself and your program as competent, nurturing, and committed to communicating with parents. This "first impression" lets prospective parents know their dollars would be well spent on good-quality child care.

Raising Rates If You Are A Wimp

by Carole Gerst and Margaret Boyer,
Child Care Workers Alliance

Raising rates is difficult. You may believe your parents will leave, and it's true--some may leave. But if you are providing excellent care, you will probably find that even though parents grumble, most will stay. It is not easy for parents to find high-quality care that is cheap, conveniently located, and which has openings for their children. Remember--other providers of high-quality care are also raising their rates to meet their true costs.

Still, if you'd like to ease into rate increases as innocuously as possible, you could try any of the following methods of getting parents to contribute more to your program:

- You don't have to call it a rate increase: Ask parents for a $15.00/month activity fee.
- If you serve parents who have flexible hours, ask them to spend time in your program to give you a break or planning time. Or ask them to build equipment, work on center or home space, etc.
- Instead of a rate increase ask for a two-week paid vacation. (Of course, you can ask for a rate increase and a two-week paid vacation!)
- Only apply rate increases to new parents coming in. Grandfather old parents in at the same rates until they reach their anniversary date.
- Ask for a rate increase but, if necessary, give some families a fee break (otherwise known as a scholarship--see this booklet's chapter on sliding scales and scholarships).

- Practice talking or role-play asking parents for a rate increase with other directors, family child care providers, friends who are parents, or parents in your program with whom you feel especially comfortable.

- Encourage your parents to involve their employers in subsidies for child care.

- <u>It is easiest to raise rates if you have an annual rate increase in your parent contract</u>.

Other Options for Rate Increases

Carole Gerst and Margaret Boyer,
Child Care Workers Alliance

- **A TEA PARTY**

  One family child care home provider (it could have been a director)had a tea party to discuss her program and her rate increase. She rented a home video camcorder and had a friend tape a typical day in her program. She also handed out her new contract with a rate increase and a clause that said rates would be raised annually--every September--because many of her clients were teachers. She thought the parents might feel manipulated, but it was not the case. This was because parents knew a rate increase was part of the "event" and the tea party was only one of several social occasions she had for parents during the year.

- **PARENT CONTACT**

  By defining parent expectations, and family providers' or centers' expectations, contracts serve as a critical tool--especially when discussing rates. To ease the awkwardness, some caregivers simply build a yearly rate increase (either a % or a flat rate) into their written contracts. Parents then know when they enroll their child that the rate will be increasing with each year. It is helpful to begin reminding parents 2-3 weeks ahead of time that the annual increase will be implemented. You can do this through a newsletter or a note on your parents' bulletin board.

- **CREDIT CARDS**

  Any small or big business can arrange to accept a major credit card in lieu of cash. Parents in your program could arrange to pay part of their fees in cash and part by credit card. Or parents could make an occasional payment with their credit cards. If your state offers parents a refundable income tax credit, that money could go toward their child care charge on their credit card. Most banks charge a fee of 4-6% to use a credit card. You can include this service charge in your bills to parents who use the credit card service.

* **STEPS FOR A MERCHANT CREDIT CARD ACCOUNT**
From an interview with First Wisconsin Bank Elan (Visa)

1. The center or family child care home must have a business account.

2. The bank will charge you 4-6%, per transaction, of the amount your account receives through Visa/Master charges. E.g., if a parent charges $100 on Visa/Master, the bank charges you $4.00 - $6.00.

3. Caregivers/centers will be charged a merchant fee/phone authorization fee of $0.71 per transaction.

4. A $2.00 per month membership fee will be charged to your account, whether or not the account processes a charge.

5. The merchant (caregiver/center) incurs a one-time fee of $35.00 for an imprinter. see note*

6. Any center/caregiver must meet additional criteria upon application at their local financial instutition.

7. This service is geared for child care centers and group family child care homes. Contact your local full-service bank for more information.

* **HOLDING A FUNDRAISING EVENT: Giving Parents Work Options In Lieu Of Rate Increases**

Centers:
Parents can arrange to work on a specific fundraiser. Fundraising efforts could include an event, raffle/ticket sales and or grant writing. It is important to set a fundraising goal that would at least equal the amount of the parents' rate increase.

Family Child Care:
It is more difficult for family child care providers to ask parents to work on fundraisers in lieu of rate increases. But fundraisers can help you improve the quality of your program by providing for new equipment, additional substitute care, special activities like field trips, and/or special teachers for things like music and foreign languages.

- **Tax Rebates**

  Some states refund earned-income tax credits, or child care credits, to eligible parents. Parents who plan to stay with your program for at least two years may be open to this plan: you can arrange with them to use this year's tax refund for next year's rate increase.

- **Loan for Child Care**

  Parents take out college loans for their children. Why not take out a loan for child care? Of course, not all parents will be able to get a loan--this idea is more for parents who have equity, or for students who are in school or training and who can tie their future earnings to paying back their schooling and child care expenses.

Talking to Parents About Raising Rates

by Linda Sisson, Coordinator
Edina KIDS Club, Edina Public Schools

Parents want what is best for their children, and parents want to get their money's worth of child care. However, unless parents are involved in the budget-making process, they may not understand the connection between what they want (quality care), and what you need in order to provide it (decent salaries).

I'm a child care director. When I'm preparing a budget, I use a computer spread sheet that automatically calculates what the actual cost per hour of child care will be, based on all costs divided by the total hours of service provided. The two things that affect that cost per hour the most are: salaries and ratios.

Once, as I sat at the computer struggling with my summer program budget, I felt really stuck. I'd plug in the salary increases I thought were reasonable, keep small group sizes with good ratios, and the cost per hour would jump. When I focused on getting the cost per hour down, so that the increase over the previous year would be less than 5%, I had to reduce salary increases, too. I began to feel as though someone had put my head in a vise and was slowly cranking the handle. When I presented the budget to my Parent Council, I felt the vise loosen as they took ownership of the problem and helped to resolve the dilemma by adopting a fee increase that would cover the salaries we wanted to offer.

Getting Parents Involved

Naturally, parents want the fees for child care kept as low as possible. For them to support higher fees, they must understand the connection between fees, quality and salaries. I believe every child care program should have a parent board, council or advisory group, and that parents should participate in the budget process and recommend fees. Here are the steps involved in working with such a group:

1. **Establish your budget assumptions.** This is the first step in that process of involving parents--deciding on what you want in terms of quality for your children. You must raise, discuss and answer questions like:

   - What is the adult-to-child ratio we want for each age group?
   - What is the maximum group size we want for each age group?
   - How much space do we need for each group?
   - What does our salary schedule need to be in order to attract and keep qualified staff?
   - . What benefits will we offer staff?
   - Do we give cost of living adjustments to staff?
   - How much should we spend on staff development?
   - Do we pay staff for prep time?

   These are all basic policy questions that can be discussed and answered without looking at columns of figures or understanding a spreadsheet. At this point your primary consideration will be: What program policies will create an environment supporting high-quality child care?

2. **Calculate costs.** Once you and your parent group have agreed on the assumptions, you can move to this step. Step two does not require judgments or decisions, but parents must be assured that your projections based on their assumption are accurate! A good way to ensure this is to review your calculations carefully, in detail, with one or two parents (preferably parents who are familiar with accounting or financial planning) and have them report the cost projections to the group.

3. **Decide how the costs will be covered.** Again, parents need to be involved in answering these questions:

   - How much will fees need to increase?
   - Do we need to establish a fee-subsidy program for some parents?
   - Is there another way to generate revenues besides fees?
   - Do we need to form an advocacy group to make more public subsidy available to parents?

WARNING: Many times the tendency is to take these steps in reverse! But that means that all your decisions about policies and

the quality of care you will offer are automatically compromised by your assumption about the level of fees you think you should charge!

4. **Communicate budget recommendations to all parents.** A representative parent group can explain to all of the parents what is happening with their money. This information can be shared at a parent meeting, in a newsletter, or even on your parent bulletin board. They can answer questions like:

   - How much of the budget is spent on administration vs. direct caregiving salaries?
   - How much is spent on facilities, supplies, food, etc.?
   - A "Where Your Child Care Dollars Go" pie chart is very effective.

   - Also effective are personal testimonials like:

     "When I first enrolled my kids, I complained that your fees were too high. Now I realize the quality is worth every penny."

     "I've used many child care providers since my kids were babies, but this is where I've gotten the most for my day care buck."

In approaching your work in partnership with parents, it's important to remember that, by and large,

- Parents want what is best for their children.
- Parents want to get their money's worth.
- Parents want to work with you to make sure they get what they want.

By involving parents in the process of policy-making and budgeting, you gain their support in making the fee increases necessary to support high-quality care. They can understand that the care they want can only be provided by well-paid, well-cared-for staff. They can also become more aware of what adult-to-child ratios and group sizes are needed if child care workers are to be expected to sustain their energy, patience and mental health throughout the day. When the parents themselves figure out what it would cost to provide these things, they are much more likely to be your allies in raising the necessary funds.

FULL COST OF CARE CAMPAIGN

(This is an example of the "Full Cost of Care" campaign that center directors organized in Oakland, California. It includes a letter to other directors, a letter to parents, and a parent invoice.)

Dear Center Director:

The staffing crisis is growing. High turnover and low wages are threatening the quality of services to families. The recently released National Child Care Staffing Study conducted by the Child Care Employee Project confirmed what many of us have known for years:

- Centers employing better educated and compensated teachers provide better quality services.
- Low wages fuel high turnover rates. In centers paying the lowest wages staff leave at twice the rate of those that pay higher wages.
- Children in centers with lower quality and higher turnover are less competent in their language and social development.

The situation has to change. But how? We don't have all the answers but we think we know where to start. We have to mobilize the support of the parents who use child care so that they will work with us to secure more resources to support services we provide. The first step is to help them understand how child care teachers subsidize the service they receive and to recognize what the full cost of care really is.

We have enclosed a sample letter to parents (which you can either reproduce or change to meet your needs) and a "full cost of care invoice." We encourage all directors to send these to the parents in their center during the Week of the Young Child. Simultaneously we will be working to get press coverage about the child care crisis during this same period.

Please feel free to contact Kim Lynch at BANANAS (658-7101)if you have any questions.

Nobody likes to talk about money and we realize it might be hard to approach your parents, but it has to be done. If all of us stand together we think this can be an effective way to educate our community.

Sincerely,
Kim Lynch Jean Morehead

April, 1990

Dear Parents:

This month we celebrate the Week of the Young Child. Unfortunately, we have more to worry about than to celebrate. Services for children in this country are increasingly inadequate. This includes child care.

- Centers employing better educated and compensated teachers provide better quality services.
- Low wages fuel high turnover rates. In centers paying the lowest wages staff leave at twice the rate of those that pay higher wages. In the last decade the turnover rate has nearly tripled from 15% in 1977 to 41% in 1988.
- Children in centers with lower quality and higher turnover are less competent in their language and social development.

We try to offer you the best care we can. But low wages are driving many qualified teachers from the child care field. We have asked them to subsidize your fees through their low wages and it isn't working any more. Something has to be done, but what?

We don't know all the answers but we think we know where to start. We need you to get involved in finding a solution to this problem.

Many center directors in our community are sending a similar letter and Full Cost of Care Invoice to their families to indicate the real cost of quality child care that provides a living wage for child care teachers. Good care is expensive.

Please talk to us about this letter and get involved in helping us find the solution to the staffing crisis.

Sincerely,

Center Name: _____
Street Address: _____
City, State, Zip: _____
Telephone: _____

FULL COST OF CARE INVOICE[1]

For services rendered to: _____
family name

Invoice date: _____
Invoice due: _____

AMOUNT YOU PAY _____

Date of service	Amount of service	Type of service	Full cost of care if teachers earned a living wage[2]	Amount subsidized by child care teachers through low wages	Current cost of care
/ /	___ hours per month	high quality child care			

[1]These figures do not include other ways in which programs are subsidized such as government funds, United Way funds, church sponsorship

[2]This charge is based on the amount an average monthly fee would be if we were paying our child care workers a living wage. Full time annual wages for Child Care teaching staff versus the civilian labor force[3]:

	CC Teachers	Female	Male
High school diploma only:	$ 8,120	$15,808	$24,097
Some college:	9,293	19,369	29,251
B A or more:	11,603	26,066	42,422

[3]Whitebook, M., Howes, C., and Phillips, D. "Who Cares? Child Care Teachers and the Quality of Care in America." Executive Summary. Oakland, CA: Child Care Employee Project, 1989. National Child Care Staffing Study.

We know that some families can afford to pay more and some cannot. But all families can help solve the staffing crisis.

Here's how you can help:

- Have you written your legislator about the ABC\HR3 bill which includes money for upgrading salaries? Talk with us about ways your voice can be heard in Washington.
- Have you talked with your employer about a child-care benefit? Talk to us about Dependent Care Tax Credits and Salary Reduction Plans.
- Do you know how much the teachers in your center earn? Do they receive additional benefits such as sick leave, health benefits, vacation pay, and a retirement plan?
- Are you willing to get involved in fund raising efforts at your center? Would you support giving the funds you raise to teachers for wage increases or new benefits?

Making Things Happen in the Government:
An Encouraging Story of Child Care Activism

By **Stephanie Eastwood, Child Care Workers Alliance, Minneapolis, Minnesota**
Based on interviews with
Beth Menninga, Southside Child Care Committee,
Katie Williams, Director, YWCA Children's Center,
Jan Krick, Child Care Consultant

This is the story of real-life child care advocates who decided to create a more powerful role for their child care community in its relationship with the county government. Their experience is an excellent application of the ideas discussed in the following article on how we can work to influence government policies regarding child care. The story they share with us illustrates how they succeeded in:

- Organizing the child care community and mobilizing support;
- Building support with parents and other members of the general public;
- Building support with government officials;
- Preparing a clear, specific proposal for policy changes; and
- Presenting evidence for the need to increase funding and rates, in the form of a realistic budget for a child care program that would support the true cost of care--with fair wages and benefits for child care staff.

In Hennepin County, Minnesota (Minneapolis and suburbs), parents who are to receive subsidized child care must enroll their children in a child care home or center which is not only licensed by, but which also holds a contract with Hennepin County. This contract defines all the terms regarding when and in what manner the county will pay the fee reimbursement to the child care program. Each center and family daycare home sets its own rates, and charges the county at those rates. Contracts are renewed each year, so the programs' annual rate increases are supported by the County subsidy program. But the contract also includes a maximum rate of reimbursement, based on the overall market rates in Hennepin County.

In the fall of 1989 the Minneapolis child care community began preparing itself to play a more active role in influencing Hennepin County's child care policies. A core group of center directors and resource agency staff sent letters to virtually all Minneapolis center directors, inviting their participation in a group that would meet monthly to:

- Discuss how the county contract affected their programs, and
- Propose alternatives to those terms of the contract perceived of as problematic.

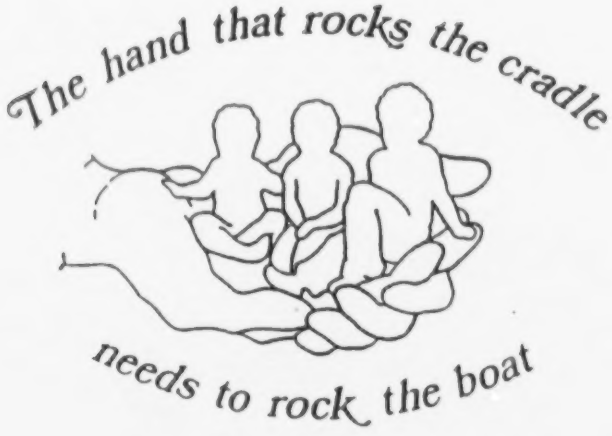
About twenty centers participated in this city-wide committee. It was soon agreed that the goals of the group were to

- **Gain county commissioners' approval of the group's proposals** for specific changes in the county's child care contract.

- **Change the very nature of the contracting procedure,** from a fixed, county-defined contract, to a contract whose terms would be negotiated by the county and the child care providers together.

The group spent several months reading through the current contract, line by line, discussing how each term affected their programs, and formulating alternatives to those terms agreed to be problematic. In the end, they had designed a complete, new version of the contract, which ultimately was presented to the county board of commissioners.

An essential part of the Minneapolis' group's effort was preparing the ground for successful negotiation. The success of community leaders depends on how strongly their activism is supported by the community as a whole. People in both the government and in the child care community needed to be made aware of the fact that county contracts were becoming a focal point for action by those seeking improvements in the quality of child care.



The child care community in Hennepin County was encouraged to become more aware and to get involved in the process of influencing county policies. Through newsletter articles and through meetings, child care providers were asked to:

- Think about how the County's maximum reimbursement rate affected the rates child care programs could charge parents;
- Reflect on how the county contract affected their programs;
- Communicate their reflections and suggestions to others in the child care community, enlarging the discussion and increasing awareness;
- Pass on suggestions to the committee working directly on the issue;
- Personally contact their county commissioners to discuss how the contract affected their ability to provide good-quality child care, especially focusing on the need to be reimbursed at higher rates.
- Become directly involved by joining the city-wide committee.

Parents were also encouraged to pay attention to the way county policies affect the provision of child care:

It happened that in the winter of 1990, the county's total funding was cut, due to shrinking support from the federal government. County commissioners proposed cutting child care subsidies, a move which would knock hundreds of eligible workers and students onto an already long waiting list for subsidized child care.

The child care community responded magnificently. About 300 child care employees, children and parents converged on Hennepin County Government Center for a noon rally protesting the proposed subsidy cuts. The voices of those at the rally joined those of people who lobbied the county board with the argument that increases, not cuts, were in order so that all legally-eligible parents could receive subsidized child care.

The results? In light of the shrinking county budget, in a year when most social services were forced to accept cuts, it can be deemed a success for child care activists that the county board decided to freeze the amount allocated to child care, and so no cuts were made.

The city-wide committee prepared county officials to warmly receive their proposals:

- From the very earliest point, individual directors began speaking with their own county commissioners about contract-related concerns.

- The committee officially contacted the County Board of Commissioners with a letter requesting that members of the child care community be allowed to participate in the discussion and formulation of policies affecting their programs. As described by Katie Williams, the letter expressed something like this:

  "How can we work with you on this? How could we, together, create an amicable situation that will allow us to understand your needs, and you to understand our needs?"

Getting Together at Government Center

- A friendly letter was sent to the commissioner who oversees contracting policy, mentioning specific issues, and asking to meet. The letter was followed up with a phone call.

- The commissioner directed the committee's concerns to an employee in the contract-writing division. This person welcomed the ideas of the representatives of the child care community, and in fact became an advocate for them in his work within the division.

- The county contract writer invited members of the Billing and Finance departments to attend the two meetings he had with three members of the city-wide child care group. He acknowledged that centers were not being reimbursed at the level of their true costs. Together, the group came up with a realistic budget that represented the costs of running a "typical, inner-city child care center trying to do a good job."

- These meetings also provided for discussion of some of the most problematic terms of the county contract-- the delayed-payment practice, and the absence policy. Hennepin County will not reimburse child care programs for more than ten absent days per child in a six-month period. The county contract writer agreed to propose amending the contract to reflect the market practice of charging for all days contracted for care, including days when children are absent.

- Meanwhile, the county formed an internal committee to rewrite policies to conform with recent changes in state laws. They invited several leaders of the child care community to join them on this committee. This committee also proposed improvements to the contract.

The Outcome:

The joint efforts of county staff and child care people resulted in several desired contract changes' being proposed. *But then . . .*the changes were all vetoed by a high-level manager because they would increase costs to the county. (This manager had not been involved in any of the meetings with child care representatives.)

But there were also victories!

The organizing success of the child care community resulted in the county's agreement not to cut child care subsidies.

The work of the city-wide child care group established a precedent for the participation of the child care community in county policy-making. Overall, members of the county staff and of the board welcomed the involvement of child care people, and were supportive of the group's proposals.

One thing this story makes clear is that policy changes that would require increased government investment require very vocal and widespread public support--politicians have to see great numbers of voters behind child care programs because they are under great pressure to invest in many other things, and they are under great pressure to keep spending down, too!

Another thing that is clear: Working to influence public policy is like good teaching and good parenting--you have to be in it for the long haul.

We hope that hearing about the experience of this group will encourage child care people all over the country to pull together in your own communities, bringing to the halls of government the energy, intelligence, and the sense of vision you apply every day in your work with children.

If you live in a place where the child care community is hardly organized at all, your first successes will be in getting a few people together to talk about the problems each of you faces in trying to stay in the field of early childhood education. Together you will find the support you all need to express your concerns, and share your visions of how things *could* be. You start by talking with each other, then you bring your thoughts out to the public. As your numbers grow, you gather the power and the skills to make things happen.

As a unified community of child care workers, family child care providers, center directors and parents, we must extend our commitment to families and children by actively working for policies that support better conditions for the people who care for children.

No More Free Cheese?
Well, How's About A Funding Increase, Then!
Raising Government Reimbursement Rates and Improving Governmental Child Care Policies

by Stephanie Eastwood and Jim Nicholls

As we begin to raise rates to a level that will support high-quality child care, we have to approach not only the parents we serve, but also our other budget-conscious "client," the Government. Most of us in neighborhood centers and family child care want to serve the families who live in our communities, including low-income parents who receive subsidies to pay their child care fees. Some of us need to participate in the subsidy programs in order to keep our enrollments high enough to make ends meet.

Thus our relationship with the government is necessary, but as in any relationship, there is the issue of power: *Who sets the terms that define our relationship?* If we aren't advocating for our needs and the needs of children, if we aren't asserting *our* values and priorities concerning the care of young children, then child care policies will reflect the priorities of our "partner." And we know what that means:

What the government wants: Government wants parents to get off welfare--to go to school or to work. They are looking to find the most places they can for kids, for the least money.

What we want: We want to provide all the child care the families in our communities need, at the high level of quality all children deserve. In other words, we want more money to support our programs so we can raise our rates to cover the true cost of care. This means:

- Higher ceilings on reimbursement rates for child care subsidies.
- More money to the states to allow all eligible parents to actually receive subsidies for child care.
- Adequate child care tax credits for middle-income parents.

We also recognize that many more parents will not be able to afford child care once rates increase to the level of true cost--when salaries rise to reflect the true value of child care work. Early childhood education must ultimately be valued and supported in the same way that we support the education of older children: government funding.

"But," our government officials exclaim, "that will cost too much! The people demand fiscal responsibility!"

And we persist with our argument, for we are not only enlightened human beings, we are economically wise: "Quality child care now means fewer expensive social problems eighteen years from now!--More productive citizens!"

"But," the elected officials protest, "I'm not running for office eighteen years from now, I need to think of next year!"

Our Goal:

We who care for the children must play a powerful role in defining the child care policies our governments impose. It is our responsibility, as parents and early childhood educators, because we are the people in our society who are most knowledgeable, and most involved in the well-being of young children.

How to Raise Government Reimbursement Rates Through Activism.

How can we be powerful in our relationship with the government--How can we influence policy-making?

This chapter is a discussion of the things we need to know, and the ways we can most effectively work toward gaining the respect and welcome of government officials, so that their policies and legislation will reflect our priorities concerning the care and education of young children.

Government-Related Rate-Raising Issues to Focus on:

- **Subsidy Payment Agreements**

Many states administer the child care subsidies by giving "tuition vouchers" to parents. These parents are free to choose from among all programs that are recognized as legal by the state government.

Whether you are a family daycare provider or are working in a center-based program, if you serve subsidized parents you are reimbursed by the government under terms which are determined by the government. In other words, those of us who want to serve low-income parents have to accept the terms imposed on us. We can work toward establishing a process wherein child care providers negotiate for contracts or payment agreements that meet providers' needs as well as the government's needs.

Some important terms you could negotiate for:

- Reimbursement rates which pay what you normally would charge.
- Payment for days when subsidized children are absent.
- A Notice Requirement, requiring the government agency to tell you ahead of time when a parent's subsidy will be cut off.

(See the preceding chapter, "Making Things Happen In the Government," for a real-life story about a group that got involved in designing their county's child-care policies.)

• Enhancing the terms of the Family Support Act to get a higher reimbursement rate.

The federal Family Support Act gives money to the states to help families with, among other things, child care costs. This is where the subsidy money comes from, and the federal law sets the basic rules for administering the program.

The law directs the states to base their subsidy rates on the actual market rates for "like kinds of care" (family day care, center care, infant, pre and schoolage are all different "kinds" of care with different rates). Each state must survey the market every two years, and set its maximum reimbursement rate at the 75th percentile for each kind of child care. What does this mean?

It means that every two years the government finds out what every known child care program charges, and arranges the data on a list from highest rate to lowest (one list for each kind of care). Then they start at the bottom of the list and go up 75% of the way, and whatever rate is charged by the program they land on, that will be the maximum rate of reimbursement until the next survey.

Changes you can work for at the State level:

- Make sure your state and local governments are fulfilling the law. Just because the law exists doesn't mean it is being carried out. It is possible that some state and local governments may be "reallocating" funds intended for child care into other programs. Or they may be compromising the federal rule in order to make the program as cheap as possible. If this is happening in your state, it means no one is holding the government accountable, and it is time for you and the rest of the child care community to raise a ruckus. (Please let us know, too. We don't know what's going on in most other states. Sharing the story of your experience could help child care people in other states, too.)

- The States are free to pass further legislation regarding the way the market-rate surveys are done. This can be a very important area for you to work on. For example, in Minnesota there is a law mandating that the survey be done every year.

- The month the survey is taken makes a big difference: if most programs raise their rates September 1, but the survey is done in July, the subsidy increases will lag behind the actual rate increases until the next survey--possibly for two years! In Minnesota, legislation fixes the survey date in September, allowing programs to immediately collect subsidy funds that match their yearly rate increases.

- It's important to look at how your state does the survey. Find someone who knows Statistics to help you assess whether your state's survey is designed to be fair. Look at the way "like kinds of care" are determined. If all the programs are lumped together, the "market rate" may be significantly lower than the rates charged for infant care and other more costly programs. The most progressive way of defining "kinds" acknowledges the higher costs of special needs programs by surveying them separately, so that their higher rates will be fully reimbursed.

- The federal rule allows state and local governments to base reimbursement rates on a survey of "total slots" rather than on the total number of programs. You can see how this would be to your advantage if the biggest centers also had the highest rates. On the other hand, if the biggest centers are not concerned with raising rates to raise wages, it could be to your advantage to maintain the greater power small centers have when market rates are determined on a per center basis.

- Get your state to allocate State funds that would make up the difference between what the Federal Government supplies, and the actual cost of subsidizing all eligible parents' child care. This could provide for full reimbursement to programs whose rates are higher than the 75th percentile. It could also increase the number of parents who could enroll their children now, instead of having to sit on a waiting list.

How to Increase Government Support for Raising Rates: Care Givers As Policy Makers.

- **Get together! Family Daycare Providers, Center Staff and Directors, Resource Groups--Discuss together how government policies affect your programs. Decide what are the current policies you most want to see changed. Problems that affect the most child care programs are the issues around which you can rally the most support.**

- **Make specific proposals for the changes you want to see enacted. For every tning you don't like, design a workable alternative.**

- **Have a well-developed, clearly-stated argument justifying your proposals. Because we are asking for higher reimbursement rates, this argument must include a realistic, item-by-item budget reflecting the true cost of care--with salaries and benefits at levels comparable to other educators.**

- **Everyone! Raise your rates! This is our most powerful action. The rate of reimbursement is based on the actual rates we all charge. Center directors and family daycare providers have to join together to agree on what the "true cost of care" is. We have to be united in supporting each other's rate increases, so that we can all charge what we need to support good programs with good salaries. (Read the rest of this book for specific ideas on rate increases!)**

- **Build public support for increased funding to early childhood.**

On Building Support

In 1990, we have seen that politicians perceive the public's growing concern for better child care programs. That's why so many of them rush to vote for child care bills. But there are few who vote for legislation that adequately funds the programs they supposedly support.

Remember that politician who protested, "But I'm not running 18 years from now--I need to think of next year!"? The government will only respond with positive action when they perceive that the voters choose candidates who do more for children than pose with them at photo opportunities. We want many many people to support candidates who would *invest our money in improving the quality of child care.*

Mobilize a unified child care community--No matter how well they advocate for change, a few active leaders will hold the attention of elected officials only if the community is backing them up: family day care providers, workers, directors, parents, and people who sit on center boards must all be advocates for increasing the government's investment in quality child care.

Mobilize as many people as possible. Our proposals will only be supported by people who are aware of the critical importance of early childhood, not only for individual lives but also for the general condition of life in our society.

Parents have countless opportunities to advocate for increasing funds for early childhood programs! Everybody who has kids talks about them, about being a mom or dad or uncle... In the workplace, at family gatherings, with friends, even at parties, we have these conversations about kids, which we can use as a basis for talking about society's role in helping us all raise our kids well.

How can a few of us get all these other people moving?

Organizing is a cyclical thing, creating wider and wider circles of support. A small group can start a big movement.

The key to getting the grassroots energized for action is to bring home to the community every story describing, "What Happened When I Took My Program's Problems to The System (Government Agencies)."

When the System responds with, *"Hey, that is a serious situation. It's a good thing you let us know. We really need all of you to stay in business! Now what can we do to make our System more fair and supportive of child care providers' needs?"* . . . then you bring that success right back to the community and build on it: "They're welcoming our input; let's give it!"

On the other hand, when a few of you get screwed by the System, let people know! Get people mad! Use that energy to organize people and do something with it!

We have to be trying to change by taking on government officials, and at the same time we have to keep working at the grassroots level--with the education of people as our goal, and their mobilization in support of our work.

Things you can do to spread the word and build support:

- Write short essays and "letters to the editor" for your local newspapers.

- Organize workshops and conferences focusing on the quality issue.

- Whenever you attend early childhood education workshops, find a way to bring up the need to raise rates and salaries in order to improve quality.

- Organize a press conference in conjunction with a quality-care event.

- Family Day Care Providers-- Use the networks you already have established to discuss your common problems and build support for rate increases. For example, many providers are associated through their Family Child Care Food Program sponsors. If you are involved with a Referral Service you have another opportunity to use the organization that already exists to spread the word and build a larger alliance.

- Make your community-organizing events joyful and fun celebrations. If you have to have meetings, announce that you will serve wonderfully energizing refreshments.

- When you have enough momentum going, hold a rally. It can be a great field trip to Government Center for every child care program! (Developmental Curriculum Areas: Social Assertiveness and Language Skills! Group Problem-Solving! and making those signs to carry together is an excellent exercise in Motor Skills!)

- Make it as easy as possible for your supporters to write letters to their legislators. At the Minnesota AEYC conference this year, we had sample letters displayed, which people could request to be printed out with their own name and address, directed to their own legislators and the President. All they had to do was sign them, and we mailed them from our office the following week.

A few inspiring words . . .

"Government is about what we do with our collective resources." - Jim Nicholie, Greater Minneapolis Daycare Association.

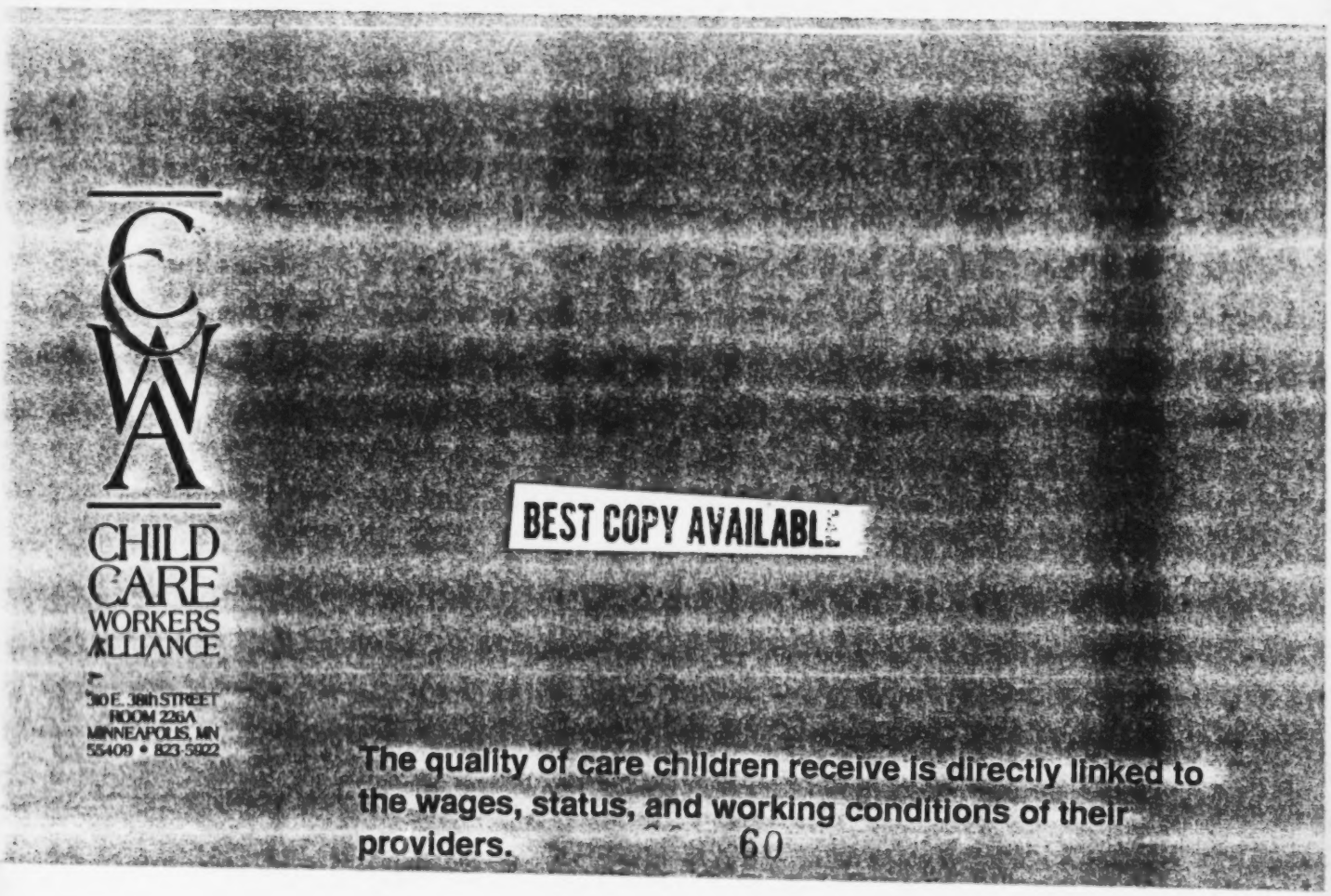
Asking for more money to help parents pay for good-quality child care is not asking for more "government handouts." It is justly demanding that our national wealth be used to care for all of the children, care for them well. This means treasuring the people who take good care of kids:

We want our collective economic resources to support at their true worth, the people who care for children, so that we can attract the most creative, nurturing, powerful and committed caregivers to our profession, with the least possible risk of losing them to burnout . . .
. . . So that the people who love this work and meet its challenges will be as well-cared-for as the children, whether they be working in centers or in family day care homes . . .
. . . So that our energy and commitment to this work may be sustained through years of involvement in child care programs, in homes and in centers, that are healthy, stable human communities--places that provide children with the emotional security and joy in life that they must experience if they are to grow strong in spirit, in body and in mind.

. . . and some final encouragement.

Maybe in your town or in your state there are only a few people strongly concerned about the need to raise rates and wages to improve quality. Maybe you are the only one! That's the way it started here in Minnesota, and in Massachusetts and in other places where there are now huge networks of child care advocacy groups.

If you need some ideas of how to start, and especially if you feel discouraged and need someone to talk to, remember that your community includes us, too. We love hearing about what's going on in other parts of the country, and we hope you will give us a call or write, especially when you just need someone to talk to--somebody who understands and who will let you know you are doing something really important.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